

## Table 2. The Tax Value of a Student under 2007 Law

Figures A through C below illustrate the combined value of five major income tax provisions effective in 2007 – the Hope Credit, the Lifetime Learning Credit, the tuition deduction, the dependent exemption, and the Earned Income Tax Credit (EITC) – to families with different levels of income and different education expenses. Families are otherwise typical of families with similar incomes.<sup>1</sup> The tax value of a student is the difference between the taxpayer’s income tax liability and what it would have been if the student had not enrolled in school. The no tuition case corresponds to a full scholarship and reflects the value of the tax benefits of the dependent exemption and the EITC.

Figure A. Tax Value of a Full-Time College Freshman or Sophomore under 2007 Law (Joint Filers)

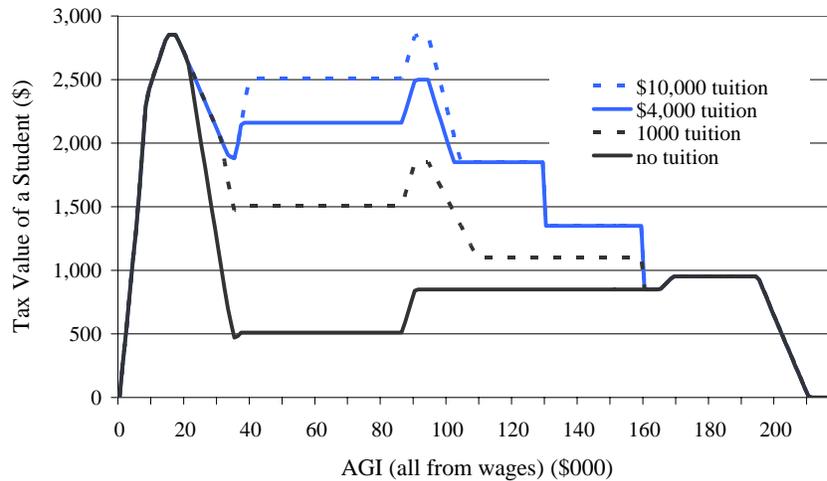
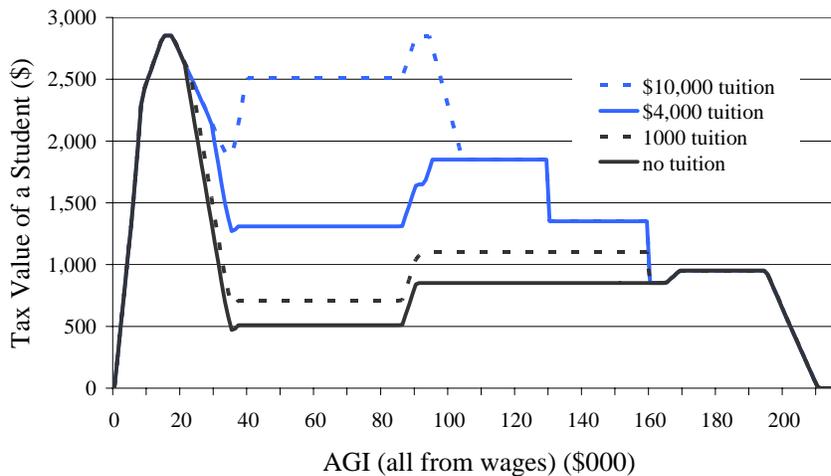


Figure B: Tax Value of a Full-Time College Junior or Senior under 2007 Law (Joint Filers)



<sup>1</sup> The families have average levels of deductible expenses and all income is from wages.

Figure C: Tax Value of an Independent Student Eligible for the Hope Credit under 2007 Law (Single Filers)

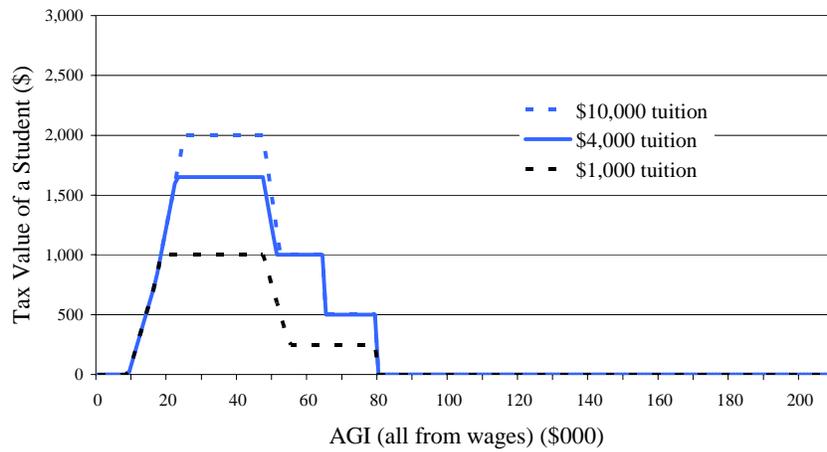


Figure D presents the same information as Figure A, but excludes the benefits of the tuition deduction, which expired on December 31, 2007.

Figure D. Tax Value of a Full-Time College Freshman or Sophomore from Education Credits, Dependent Exemption and EITC (2007 Law, Joint Filers)

